

FISCAL NOTE

SB 1513 - HB 1581

March 7, 2007

SUMMARY OF BILL: Changes the definition of "Tennessee historic property preservation or rehabilitation entity" to include limited partnerships, as it applies to excise tax law.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$10,000

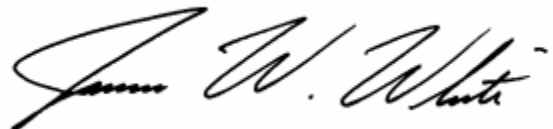
Decrease Local Govt. Revenues - \$3,000

Assumptions:

- According to the Department of Revenue, this proposed change will have two main effects: (1) it expands the current excise tax exemption authorized for historic property preservation or rehabilitation entities to include limited partnerships, and (2) it expands existing and related state and local government sales and use tax exemptions (specifically amusement tax exemptions) for certain properties placed on the National Register of Historic Places (NRHP), when such properties are controlled by limited partnerships (T.C.A. 67-6-322 (i)).
- One additional historic property controlled by a limited partnership with annual sales of \$145,000 per year.
- Current state sales tax rate is 7.0%.
- The decrease to state revenues is estimated to be \$10,000 ($\$145,000 \text{ taxable sales} \times 7\% = \$10,150$).
- Local option sales tax rate is estimated to average 2.25%.
- The decrease to local government revenues is estimated to be \$3,000 ($\$145,000 \text{ taxable sales} \times 2.25\% = \$3,262$).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director